

SENATE BILL 538

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C6

2003 Regular Session
3lr0712
CF 3lr2380

By: **Senators Hooper and Colburn**
Introduced and read first time: January 31, 2003
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 21, 2003

CHAPTER _____

1 AN ACT concerning

2 ~~Racing—Takeouts—Licensee's Portion~~
3 Racing Act of 2003

4 FOR the purpose of ~~altering the licensee's portion of certain takeouts for both~~
5 ~~thoroughbred and harness racing; repealing certain provisions of law that~~
6 ~~require certain licensees to make certain allocations to the Racing Facility~~
7 ~~Redevelopment Bond Fund under certain circumstances; and generally relating~~
8 ~~to takeouts used in thoroughbred and harness racing~~ repealing the Maryland
9 Racing Facility Redevelopment Program, including the authority of the
10 Maryland Economic Development Corporation to issue certain bonds; altering
11 the termination date of certain changes to the allocations of certain amounts bet
12 on certain thoroughbred and harness races; altering the termination date of
13 certain provisions of law relating to the Maryland Racing Facility Development
14 Fund, including the distribution of funds resulting from uncashed pari-mutuel
15 tickets; altering the amounts that certain licensees may deduct from certain
16 pari-mutuel betting; altering the allocation of the amounts deducted from
17 certain pari-mutuel betting; allowing the allocation of certain moneys to be
18 made in accordance with a certain agreement; providing for the delayed effective
19 date of certain provisions of this Act; and generally relating to horse racing in
20 the State.

21 ~~BY~~ ~~repealing and reenacting, with amendments,~~
22 ~~Article Business Regulation~~
23 ~~Section 11-514, 11-515, 11-613, 11-614, and 11-616~~
24 ~~Annotated Code of Maryland~~
25 ~~(1998 Replacement Volume and 2002 Supplement)~~

1 BY repealing

2 Article - Business Regulation

3 Section 11-1201 through 11-1208, inclusive, and the subtitle "Subtitle 12.

4 Maryland Racing Facility Redevelopment Program"

5 Annotated Code of Maryland

6 (1998 Replacement Volume and 2001 Supplement)

7 BY repealing and reenacting, with amendments,

8 Chapter 309 of the Acts of the General Assembly of 2000

9 Section 5

10 BY repealing and reenacting, with amendments,

11 Article - Business Regulation

12 Section 11-514, 11-515, 11-613(c), and 11-616

13 Annotated Code of Maryland

14 (1998 Replacement Volume and 2001 Supplement)

15 (As enacted by Chapter 309 of the Acts of the General Assembly of 2000)

16 BY repealing and reenacting, with amendments,

17 Article - Business Regulation

18 Section 11-515.1(b)

19 Annotated Code of Maryland

20 (1998 Replacement Volume and 2001 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

22 MARYLAND, That Section(s) 11-1201 through 11-1208 and the subtitle "Subtitle 12.

23 Maryland Racing Facility Redevelopment Program" of Article - Business Regulation

24 of the Annotated Code of Maryland be repealed.

25 ~~SECTION 1. 2. BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~

26 ~~MARYLAND AND BE IT FURTHER ENACTED,~~ That the Laws of Maryland read as

27 follows:

28 **Article - Business Regulation**

29 ~~11-514.~~

30 (a) ~~A licensee shall deduct from the handle:~~

31 (1) ~~all the breakage;~~

32 (2) ~~not more than [18%] 17% from each regular mutuel pool;~~

33 (3) ~~not more than [21%] 19% from each multiple mutuel pool on 2~~

34 ~~horses; and~~

1 (4) not more than ~~[25.75%]~~ 25% from each multiple mutuel pool on 3 or
2 more horses.

3 (b) Money that remains after deductions are made under subsection (a) of this
4 section shall be returned as winnings to successful bettors.

5 (e) (1) The amount deducted by the licensee under subsection (a) of this
6 section shall be the sum of the allocations provided in § 11-515 of this subtitle, unless
7 otherwise provided in a written agreement signed by the authorized representatives
8 of:

9 (i) the licensee;

10 (ii) the group that represents a majority of the owners and trainers
11 licensed in the State at the time the agreement is signed; and

12 (iii) the group that represents a majority of the breeders in the State
13 at the time the agreement is signed.

14 (2) Nothing in this subsection may be construed to permit the licensee to
15 in any way alter the mandatory takeout allocated to the Commission for:

16 (i) the State tax; or

17 (ii) the payment to the Racing Facility Redevelopment Bond Fund
18 for the Maryland Economic Development Corporation.

19 11-515.

20 (a) Except as provided in §§ 11-515.3 and 11-516 of this subtitle, the takeout
21 that a licensee deducts from the handle of a race shall be allocated in accordance with
22 this section.

23 (b) A licensee shall:

24 (1) keep 50% of the breakage;

25 (2) allocate 45% of the breakage for purses; and

26 (3) allocate 5% of the breakage to the Maryland Bred Race Fund.

27 (c) From the amount that a licensee deducts from each regular mutuel pool,
28 the licensee shall:

29 (1) keep 7.70% of each regular mutuel pool, from which the licensee shall
30 pay 0.25% of each regular mutuel pool to the Maryland Race Track Employees
31 Pension Fund;

32 (2) allocate 0.32% of each regular mutuel pool to the Commission for
33 State tax;

- 1 (3) allocate 1.10% of each regular mutuel pool to the Maryland Bred
2 ~~Race Fund;~~
- 3 (4) allocate 7.70% of each regular mutuel pool for purses; AND
- 4 (5) [allocate 1.0% of each regular mutuel pool to the Commission for
5 payment to the Racing Facility Redevelopment Bond Fund; and
- 6 (6)] allocate 0.18% of each multiple mutuel pool as an additional amount
7 for purses.
- 8 (d) From the amount that a licensee deducts from each multiple mutuel pool
9 on 2 horses, the licensee shall:
- 10 (1) keep 8.70% of each multiple mutuel pool, from which the licensee
11 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees
12 Pension Fund;
- 13 (2) allocate 0.32% of each multiple mutuel pool to the Commission for
14 State tax;
- 15 (3) allocate 1.10% of each multiple mutuel pool to the Maryland Bred
16 Race Fund;
- 17 (4) allocate 8.70% of each multiple mutuel pool for purses; AND
- 18 (5) [allocate 2.0% of each multiple mutuel pool to the Commission for
19 payment to the Racing Facility Redevelopment Bond Fund; and
- 20 (6)] allocate 0.18% of each multiple mutuel pool as an additional amount
21 for purses.
- 22 (e) From the amount that a licensee deducts from each multiple mutuel pool
23 on 3 or more horses, the licensee shall:
- 24 (1) keep 11.70% of each multiple mutuel pool, from which the licensee
25 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees
26 Pension Fund;
- 27 (2) allocate 0.32% of each multiple mutuel pool to the Commission for
28 State tax;
- 29 (3) allocate 1.10% of each multiple mutuel pool to the Maryland Bred
30 Race Fund;
- 31 (4) allocate 11.70% of each multiple mutuel pool for purses; AND
- 32 (5) [allocate 0.75% of each multiple mutuel pool to the Commission for
33 payment to the Racing Facility Redevelopment Bond Fund; and

1 (6)] allocate 0.18% of each multiple mutuel pool as an additional amount
2 for purses.

3 ~~11-613.~~

4 (a) (1) A licensee whose average handle is \$150,000 or less shall keep the
5 breakage.

6 (2) A licensee whose average handle is over \$150,000 shall:

7 (i) allocate 50% of the breakage to the Sires Stakes Program; and

8 (ii) keep 50% of the breakage to pay for personnel related
9 expenses, physical improvements, track maintenance, and indebtedness related to
10 the track, including indebtedness for clubhouse and grandstand construction.

11 (b) If an average handle is over \$600,000, the takeout shall be:

12 (1) ~~[17%]~~ 16% from each regular mutuel pool;

13 (2) ~~[19%]~~ 18% from each multiple mutuel pool for 2 horses; and

14 (3) ~~[25%]~~ 24% from each multiple mutuel pool on 3 or more horses.

15 (c) If the average handle is \$600,000 or less, the takeout shall be:

16 (1) not more than ~~[18.75%]~~ 17.25% from each regular mutuel pool;

17 (2) not more than ~~[20.75%]~~ 19.25% from each multiple mutuel pool on 2
18 horses; and

19 (3) not more than ~~[26.75%]~~ 25.25% from each multiple mutuel pool on 3
20 or more horses.

21 (d) Money that remains after deductions are made under this section shall be
22 returned as winnings to successful bettors.

23 ~~11-614.~~

24 A licensee whose average handle is over \$600,000 shall:

25 (1) allocate 0.50% of each mutuel pool to the Commission as State tax;

26 (2) allocate 0.25% of each mutuel pool to the Maryland Harness Track
27 Employees Pension Fund;

28 (3) keep ~~[16.25%]~~ 15.25% of each regular mutuel pool;

29 (4) keep ~~[18.25%]~~ 17.25% of each multiple mutuel pool on 2 horses; and

1 (5) keep ~~[24.25%]~~ 23.25% of each multiple mutuel pool on 3 or more
2 horses.

3 ~~11-616.~~

4 (a) A licensee whose average handle is more than \$200,000 but not more than
5 \$600,000 shall:

6 (1) allocate ~~0.32%~~ of each mutuel pool to the Commission as State tax;

7 (2) subject to § 11-618 of this subtitle, allocate ~~0.25%~~ of each mutuel pool
8 to the Maryland Harness Track Employees Pension Fund;

9 ~~{(3) allocate 1.5% of each mutuel pool to the Commission for payment to~~
10 ~~the Racing Facility Redevelopment Bond Fund;}~~

11 ~~{(4)} (3) allocate for purses 0.18% of each mutuel pool, or an amount that~~
12 ~~is otherwise agreed to by the licensee and the organization representing a majority of~~
13 ~~the harness owners and trainers in the State, which shall provide revenue in addition~~
14 ~~to any other funds set aside for purses by private parties;~~

15 ~~{(5)} (4) keep ~~[16.5%]~~ 15.5% of each regular mutuel pool;~~

16 ~~{(6)} (5) keep ~~[18.5%]~~ 17.5% of each multiple mutuel pool on 2 horses;~~
17 and

18 ~~{(7)} (6) keep ~~[24.5%]~~ 23.5% of each multiple mutuel pool on 3 or more~~
19 ~~horses.~~

20 (b) A licensee whose average handle is \$200,000 or less shall:

21 (1) allocate ~~0.32%~~ of each mutuel pool to the Commission as a State tax;

22 (2) subject to § 11-618 of this subtitle, allocate ~~0.25%~~ of each mutuel pool
23 to the Maryland Harness Track Employees Pension Fund;

24 (3) allocate for purses ~~0.18%~~ of each mutuel pool, or an amount that is
25 otherwise agreed to by the licensee and the organization representing a majority of
26 the harness owners and trainers in the State, which shall provide revenue in addition
27 to any other funds set aside for purses by private parties;

28 (4) keep ~~[18.00%]~~ 17.00% of each regular mutuel pool;

29 (5) keep ~~[20.00%]~~ 19.00% of each multiple mutuel pool on 2 horses; and

30 (6) keep ~~[26.00%]~~ 25.00% of each multiple mutuel pool on 3 or more
31 horses.

32 (e) Notwithstanding any other provision of this section, a licensee in Allegany
33 County is subject to the takeout provisions of:

1 (1) subsection (a) of this section if the licensee elects to participate in the
2 Maryland Racing Facility Redevelopment Program under Subtitle 12 of this title; or

3 (2) subsection (b) of this section if the licensee does not elect to
4 participate in the Maryland Racing Facility Redevelopment Program under Subtitle
5 12 of this title.

6 ~~[(d) If a licensee receives assistance from the Maryland Racing Facility
7 Redevelopment Program under Subtitle 12 of this title, the licensee shall make the
8 allocation to the Racing Facility Redevelopment Bond Fund required under
9 subsection (a) of this section as long as the bonds issued by the Corporation are
10 outstanding.]~~

11 **Chapter 309 of the Acts of 2000**

12 **SECTION 5. AND BE IT FURTHER ENACTED, That SECTION 2 of this Act**
13 **shall remain effective [until the bonds issued by the Maryland Economic**
14 **Development Corporation for the purposes of this Act, and the obligations thereunder,**
15 **have been fully satisfied and are expired,] THROUGH JUNE 30, 2004 and, AT THE END**
16 **OF JUNE 30, 2004, with no further action required by the General Assembly, Sections 2**
17 **and 3 of this Act shall be abrogated and of no further force and effect.**

18 **SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland**
19 **read as follows:**

20 **Article - Business Regulation**

21 **11-514.**

22 (a) **A licensee shall deduct from the handle:**

23 (1) **all the breakage;**

24 (2) **NOT MORE THAN 17% from each regular mutuel pool;**

25 (3) **NOT MORE THAN 19% from each multiple mutuel pool on 2 horses;**

26 **and**

27 (4) **NOT MORE THAN 25% from each multiple mutuel pool on 3 or more**
28 **horses.**

29 (b) **Money that remains after deductions are made under subsection (a) of this**
30 **section shall be returned as winnings to successful bettors.**

31 (C) (1) **THE AMOUNT DEDUCTED BY THE LICENSEE UNDER SUBSECTION (A)**
32 **OF THIS SECTION SHALL BE THE SUM OF THE ALLOCATIONS PROVIDED IN § 11-515 OF**
33 **THIS SUBTITLE, UNLESS OTHERWISE PROVIDED IN A WRITTEN AGREEMENT SIGNED**
34 **BY THE AUTHORIZED REPRESENTATIVES OF:**

35 (I) **THE LICENSEE;**

1 (II) THE GROUP THAT REPRESENTS A MAJORITY OF THE OWNERS
2 AND TRAINERS LICENSED IN THE STATE AT THE TIME THE AGREEMENT IS SIGNED;
3 AND

4 (III) THE GROUP THAT REPRESENTS A MAJORITY OF THE BREEDERS
5 IN THE STATE AT THE TIME THE AGREEMENT IS SIGNED.

6 (2) NOTHING IN THIS SUBSECTION MAY BE CONSTRUED TO PERMIT THE
7 LICENSEE TO IN ANY WAY ALTER THE MANDATORY TAKEOUT ALLOCATED TO THE
8 COMMISSION FOR THE STATE TAX.

9 11-515.

10 (a) Except as provided in § 11-516 of this subtitle, the takeout that a licensee
11 deducts from the handle of a race shall be allocated in accordance with this section.

12 (b) A licensee shall:

13 (1) keep 50% of the breakage;

14 (2) allocate 45% of the breakage for purses; and

15 (3) allocate 5% of the breakage to the Maryland-Bred Race Fund.

16 (c) From the [17%] AMOUNT that a licensee deducts from each regular
17 mutuel pool, the licensee shall:

18 (1) keep 7.70% of each regular mutuel pool, from which the licensee shall
19 pay 0.25% of each regular mutuel pool to the Maryland Race Track Employees
20 Pension Fund;

21 (2) allocate [0.50%] 0.32% of each regular mutuel pool to the
22 Commission for State tax;

23 (3) allocate 1.10% of each regular mutuel pool to the Maryland-Bred
24 Race Fund; [and]

25 (4) allocate 7.70% of each regular mutuel pool for purses; AND

26 (5) ALLOCATE 0.18% OF EACH REGULAR MUTUEL POOL AS AN
27 ADDITIONAL AMOUNT FOR PURSES.

28 (d) From the [19%] AMOUNT that a licensee deducts from each multiple
29 mutuel pool on 2 horses, the licensee shall:

30 (1) keep 8.70% of each multiple mutuel pool, from which the licensee
31 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees
32 Pension Fund;

33 (2) allocate [0.50%] 0.32% of each multiple mutuel pool to the
34 Commission for State tax;

1 (3) allocate 1.10% of each multiple mutuel pool to the Maryland-Bred
2 Race Fund; [and]

3 (4) allocate 8.70% of each multiple mutuel pool for purses; AND

4 (5) ALLOCATE 0.18% OF EACH MULTIPLE MUTUEL POOL AS AN
5 ADDITIONAL AMOUNT FOR PURSES.

6 (e) From the [25%] AMOUNT that a licensee deducts from each multiple
7 mutuel pool on 3 or more horses, the licensee shall:

8 (1) keep 11.70% of each multiple mutuel pool, from which the licensee
9 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees
10 Pension Fund;

11 (2) allocate [0.50%] 0.32% of each multiple mutuel pool to the
12 Commission for State tax;

13 (3) allocate 1.10% of each multiple mutuel pool to the Maryland-Bred
14 Race Fund; [and]

15 (4) allocate 11.70% of each multiple mutuel pool for purses; AND

16 (5) ALLOCATE 0.18% OF EACH MULTIPLE MUTUEL POOL AS AN
17 ADDITIONAL AMOUNT FOR PURSES.

18 11-515.1.

19 (b) Nothing in this section may be construed to permit the licensee to in any
20 way alter the mandatory takeout allocated to the Commission for[:

21 (1)] the State tax[; or

22 (2) the payment to the Racing Facility Redevelopment Bond Fund for the
23 Maryland Economic Development Corporation].

24 11-613.

25 (c) If the average handle is \$600,000 or less, the takeout shall be:

26 (1) NOT MORE THAN 18.75% from each regular mutuel pool;

27 (2) NOT MORE THAN 20.75% from each multiple mutuel pool on 2 horses;
28 and

29 (3) NOT MORE THAN 26.75% from each multiple mutuel pool on 3 or
30 more horses.

1 11-616.

2 A licensee whose average handle is \$600,000 or less shall:

3 (1) allocate [0.50%] 0.32% of each mutuel pool to the Commission as
4 State tax;

5 (2) subject to § 11-618 of this subtitle, allocate 0.25% of each mutuel pool
6 to the Maryland Harness Track Employees Pension Fund;

7 (3) ALLOCATE FOR PURSES 0.18% OF EACH MUTUEL POOL, OR AN
8 AMOUNT THAT IS OTHERWISE AGREED TO BY THE LICENSEE AND THE
9 ORGANIZATION REPRESENTING A MAJORITY OF THE HARNESS OWNERS AND
10 TRAINERS IN THE STATE, WHICH SHALL PROVIDE REVENUE IN ADDITION TO ANY
11 OTHER FUNDS SET ASIDE FOR PURSES BY PRIVATE PARTIES;

12 [(3)] (4) keep 18.00% of each regular mutuel pool;

13 [(4)] (5) keep 20.00% of each multiple mutuel pool on 2 horses; and

14 [(5)] (6) keep 26.00% of each multiple mutuel pool on 3 or more horses.

15 SECTION 4. AND BE IT FURTHER ENACTED, That Sections 1 and 3 of this
16 Act shall take effect July 1, 2004.

17 SECTION 2- 5. AND BE IT FURTHER ENACTED, That, except as provided in
18 Section 4 of this Act, this Act shall take effect October 1, 2003.